



# SPECIAL DAIRY REPORT

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Quarterly - 2002

Vol. 02 No. 04

**Highlights:** Pennsylvania wholesale milk prices for the 12-month period of December 2001-November 2002 averaged \$14.02 per hundredweight, which was 15.2 percent below the same time period a year earlier.

Production costs averaged \$13.14 per hundredweight of milk for the 12-month period ended December 31, 2002. This is 8.2 percent less than production costs a year ago.

Information is made possible by the voluntary cooperation of Pennsylvania dairy farmers. Questionnaires are mailed to a representative sample of dairy farmers on a monthly basis. Additional reports are obtained by telephone, as needed, to supplement the mail response. Data on production costs and wholesale milk prices are tabulated using responses from commercial dairy farms. A commercial dairy farm is defined as a farm with 10 or more milk cows.

**Table 1: Cost of Producing Milk, Average for Commercial Dairy Farms, By Milkshed, Specified Periods, Pennsylvania, 2000-2002 <sup>1</sup>**

One Year Average Ending:	Milkshed											
	Pittsburgh			New York			Philadelphia			State		
	2000	2001	2002	2000	2001	2002	2000	2001	2002	2000	2001	2002
	<i>Dollars Per 100 Pounds of Milk</i>											
March 31	14.35	15.61	15.02	14.08	15.20	14.85	13.08	13.83	13.66	13.51	14.36	14.10
June 30	14.31	15.81	14.67	14.19	15.32	14.34	13.28	13.93	13.24	13.63	14.49	13.68
September 30	15.09	15.57	14.28	14.71	15.35	13.88	13.53	13.92	12.88	14.05	14.43	13.29
December 31	15.12	15.52	14.05	14.87	15.18	13.78	13.76	13.82	12.69	14.20	14.32	13.14

<sup>1</sup> These estimates of the cost of producing milk do not include any returns (costs) for management or equity capital. Neither do they include any possible changes in inventory values of either capital or non-capital assets or liabilities not otherwise accounted for by reported depreciation. Estimates of returns to (costs of) unpaid owner-operator labor and other unpaid family labor are included. Government assessments or deductions for various purposes are **not included** in the estimates of costs that are reported here. (See footnote 1 to Table 2, below.) For a further description of the procedures used to estimate these costs, refer to *Revised Procedures Used by the Pennsylvania Agricultural Statistics Service to Estimate the Cost of Producing Milk*, by Blair J. Smith, Stephen A. Ford, Bradley D. Parks, and Reid S. Miller, A.E. & R.S. 237, The Pennsylvania State University, August 1992.

**Table 2: Wholesale Milk Price, Average Price Reported By Commercial Dairy Farmers, 2000-2002 <sup>1</sup>**

Month	Milkshed											
	Pittsburgh			New York			Philadelphia			State		
	2000	2001	2002	2000	2001	2002	2000	2001	2002	2000	2001	2002
	<i>Dollars Per 100 Pounds of Milk</i>											
January	13.12	14.08	14.75	13.01	14.24	15.13	13.26	14.64	15.04	13.20	14.50	15.00
February	12.72	13.84	14.15	12.67	14.39	14.96	13.00	14.76	15.09	12.90	14.60	14.90
March	13.34	15.17	14.10	13.15	15.79	14.49	13.33	15.75	14.47	13.30	15.70	14.40
April	13.22	15.96	14.02	13.10	16.32	14.32	13.22	16.38	14.23	13.20	16.30	14.20
May	13.47	16.52	13.18	13.21	17.15	14.08	13.59	17.06	13.62	13.50	17.00	13.60
June	13.32	17.35	13.09	13.81	17.76	13.28	13.85	17.74	13.36	13.70	17.70	13.30
July	13.57	17.11	12.28	14.02	17.70	12.88	13.95	17.64	12.94	13.90	17.60	12.80
August	13.28	17.37	12.37	13.94	17.65	12.59	13.89	17.95	13.33	13.80	17.80	13.10
September	13.66	17.70	12.63	14.11	18.62	13.38	14.37	18.54	13.28	14.20	18.50	13.20
October	13.78	17.00	12.94	14.15	17.30	13.48	14.45	17.37	13.77	14.30	17.30	13.60
November	13.48	15.76	13.63	13.75	17.11	14.00	14.68	16.89	13.94	14.40	16.80	13.90
December	13.94	14.63		14.46	15.07		14.90	14.92		14.70	14.90	
<b>Annual</b>	<b>13.41</b>	<b>16.04</b>		<b>13.62</b>	<b>16.59</b>		<b>13.87</b>	<b>16.64</b>		<b>13.76</b>	<b>16.56</b>	

<sup>1</sup> These estimates of the wholesale milk price do include whatever government assessments or deductions are in effect at any given time. Thus, one may think of costs as being understated, or prices as being overstated, by the sum of whatever government deductions and assessments happen to be in effect in the month or quarter of interest. At the same time, however, any refunds the farmer may later obtain are not included in returns as an offset to such assessments or deductions.

**Cost of Production and Milkshed level data are funded through a cooperative agreement with the Pennsylvania Milk Marketing Board.**

**Table 3: Cost of Producing Milk, As Reported By Commercial Dairy  
Farmers, By Milkshed, 2001-2002 <sup>1</sup>**

Item	Pittsburgh		New York		Philadelphia		State	
	2001	2002	2001	2002	2001	2002	2001	2002
<i>Dollars Per Cwt. of Milk Shipped</i>								
Cost of Purchased Feed:								
October	3.124	3.255	3.665	3.500	3.262	3.272	3.313	3.330
November	3.323	4.106	3.967	3.941	3.715	3.503	3.680	3.667
December	3.915	4.189	4.246	4.264	3.785	3.949	3.913	4.055
Cost of Fertilizer & Lime:								
October	0.680	0.256	0.389	0.278	0.355	0.111	0.403	0.168
November	0.106	0.082	0.400	0.197	0.469	0.157	0.389	0.152
December	1.113	0.466	0.562	0.313	0.647	0.292	0.694	0.329
Cost of Farm Fuels & Lubricants:								
October	0.429	0.368	0.462	0.309	0.314	0.303	0.356	0.316
November	0.376	0.392	0.431	0.341	0.240	0.315	0.293	0.334
Decemberr	0.348	0.361	0.290	0.330	0.253	0.223	0.273	0.265
Cost of Dairy Animals Purchased:								
October	0.202	0.179	0.311	0.290	0.236	0.133	0.245	0.173
November	0.257	0.126	0.618	0.139	0.260	0.175	0.316	0.162
December	0.192	0.103	0.138	0.127	0.322	0.132	0.281	0.127
Cost of Hauling:								
October	0.709	0.652	0.747	0.677	0.703	0.660	0.711	0.661
November	0.615	0.617	0.767	0.665	0.660	0.653	0.667	0.648
December	0.658	0.643	0.671	0.671	0.693	0.651	0.684	0.652
Interest Paid on Indebtness:								
October	0.335	0.287	0.304	0.269	0.366	0.312	0.351	0.304
November	0.329	0.286	0.292	0.266	0.370	0.305	0.346	0.299
December	0.346	0.289	0.325	0.276	0.367	0.313	0.362	0.307
Depreciation:								
October	0.708	0.607	0.674	0.595	0.708	0.603	0.699	0.604
November	0.695	0.603	0.646	0.588	0.715	0.590	0.689	0.594
December	0.731	0.611	0.719	0.611	0.710	0.605	0.721	0.610
Value of Unpaid Family Labor:								
October	3.924	2.669	2.946	2.436	2.348	2.095	2.627	2.280
November	3.665	3.144	2.895	3.001	2.324	2.372	2.597	2.614
December	2.066	2.119	2.209	2.795	1.517	1.766	1.720	2.001
Cost of Hired Labor:								
October	0.659	0.847	0.584	0.718	0.976	0.734	0.866	0.752
November	0.846	0.799	0.770	0.816	0.809	0.595	0.801	0.668
December	1.430	1.312	1.140	1.165	0.734	0.977	0.891	1.072
Other Costs:								
October	4.729	4.658	4.480	4.603	4.607	4.562	4.606	4.607
November	4.642	4.632	4.296	4.548	4.650	4.461	4.542	4.536
December	4.885	4.687	4.780	4.723	4.616	4.578	4.748	4.657
Total Costs :								
October	15.50	13.78	14.56	13.67	13.88	12.78	14.18	13.19
November	14.85	14.79	15.08	14.50	14.21	13.13	14.32	13.67
December	15.68	14.78	15.08	15.27	13.64	13.49	14.29	14.07

<sup>1</sup> All costs listed apply to milk only. Adjustments for other farm crop or livestock enterprises, and for sales of dairy livestock (surplus and cull cows, heifers, and calves), have already been made.

Table 4: Milk Cows & Milk Production, By Months, 1999-2002 <sup>1</sup>

Milkshed Area	Number of Milk Cows <sup>2</sup>				Average Production Per Cow				Total Milk Produced <sup>3</sup>			
	1999	2000	2001	2002	1999	2000	2001	2002	1999	2000	2001	2002
	<i>1,000 Head</i>				<i>Pounds</i>				<i>Million Pounds</i>			
<b>Pittsburgh</b>												
January	123	123	120	115	1,360	1,440	1,450	1,495	167	177	174	172
February	125	123	119	113	1,255	1,395	1,355	1,390	157	172	161	157
March	124	125	120	112	1,480	1,570	1,525	1,565	184	196	183	175
April	122	124	122	112	1,470	1,495	1,500	1,550	179	185	183	174
May	121	125	122	110	1,520	1,525	1,560	1,600	184	191	190	176
June	122	124	123	110	1,425	1,380	1,440	1,485	174	171	177	163
July	121	124	123	109	1,400	1,400	1,470	1,480	169	174	181	161
August	121	124	123	110	1,380	1,390	1,450	1,470	167	172	178	162
September	121	121	121	114	1,340	1,350	1,410	1,420	162	163	171	162
October	122	122	122	115	1,375	1,420	1,460	1,455	168	173	178	167
November	123	122	119	115	1,350	1,360	1,420	1,420	166	166	169	163
December	123	122	116	114	1,410	1,420	1,500	1,465	173	173	174	167
Total or Average	122	123	121	112	16,765	17,145	17,540	17,795	2,050	2,113	2,119	1,999
<b>New York</b>												
January	117	116	113	105	1,340	1,455	1,470	1,515	157	169	166	159
February	115	116	112	104	1,260	1,405	1,355	1,390	145	163	152	145
March	116	117	114	101	1,470	1,550	1,505	1,550	171	181	172	157
April	116	115	113	101	1,450	1,530	1,485	1,540	168	176	168	156
May	115	115	113	102	1,510	1,555	1,550	1,595	174	179	175	163
June	115	116	112	100	1,410	1,440	1,465	1,475	162	167	164	148
July	115	116	112	103	1,385	1,450	1,455	1,475	159	168	163	152
August	116	116	112	103	1,370	1,440	1,420	1,465	159	167	159	151
September	118	117	112	103	1,335	1,370	1,390	1,415	158	160	156	146
October	116	115	110	105	1,375	1,420	1,445	1,455	160	163	159	153
November	117	115	109	105	1,350	1,380	1,400	1,415	158	159	153	149
December	117	114	105	105	1,410	1,420	1,490	1,465	165	162	156	154
Total or Average	116	116	111	103	16,665	17,415	17,430	17,755	1,936	2,014	1,943	1,833
<b>Philadelphia</b>												
January	377	378	374	367	1,555	1,565	1,560	1,610	586	592	583	591
February	375	378	371	366	1,450	1,520	1,460	1,500	544	575	542	549
March	374	376	366	368	1,620	1,660	1,620	1,670	606	624	593	615
April	377	376	364	368	1,600	1,640	1,570	1,630	603	617	571	600
May	379	375	364	368	1,660	1,660	1,630	1,680	629	623	593	618
June	377	377	365	372	1,545	1,550	1,565	1,565	582	584	571	582
July	378	379	365	372	1,520	1,550	1,540	1,555	575	587	562	578
August	378	379	363	372	1,505	1,530	1,510	1,540	569	580	548	573
September	377	381	363	370	1,465	1,460	1,480	1,485	552	556	537	549
October	379	381	364	371	1,495	1,500	1,530	1,520	567	572	557	564
November	378	379	368	371	1,465	1,460	1,490	1,485	554	553	548	551
December	379	377	371	371	1,525	1,500	1,570	1,545	578	566	582	573
Total or Average	377	378	367	370	18,405	18,595	18,525	18,785	6,945	7,029	6,787	6,943
<b>State</b>												
January	617	617	607	587	1,475	1,520	1,520	1,570	910	938	923	922
February	615	617	602	583	1,375	1,475	1,420	1,460	846	910	855	851
March	614	618	600	581	1,565	1,620	1,580	1,630	961	1,001	948	947
April	615	615	599	581	1,545	1,590	1,540	1,600	950	978	922	930
May	615	615	599	580	1,605	1,615	1,600	1,650	987	993	958	957
June	614	617	600	582	1,495	1,495	1,520	1,535	918	922	912	893
July	614	619	600	584	1,470	1,500	1,510	1,525	903	929	906	891
August	615	619	598	585	1,455	1,485	1,480	1,515	895	919	885	886
September	616	619	596	587	1,415	1,420	1,450	1,460	872	879	864	857
October	617	618	596	591	1,450	1,470	1,500	1,495	895	908	894	884
November	618	616	596	591	1,420	1,425	1,460	1,460	878	878	870	863
December	619	613	592	590	1,480	1,470	1,540	1,515	916	901	912	894
Total or Average	616	617	599	585	17,750	18,085	18,120	18,415	10,931	11,156	10,849	10,775

<sup>1</sup> 1999 figures revised. Refers to all Pennsylvania farms including herds with 1-9 cows. Totals may not add due to rounding. <sup>2</sup> Includes dry cows. Excludes heifers not yet fresh. <sup>3</sup> Excludes milk sucked by calves.

## Milk Production Highlights

Milk production in **Pennsylvania** during the fourth quarter of 2002 totaled 2.64 billion pounds, down 1.3 percent from the comparable period last year. Milk production per cow for the quarter totaled 4,469 pounds, 28 pounds below the comparable quarter of 2001. Total milk cows averaged 591,000 head during the quarter, 4,000 head less than the corresponding period in 2001.

Milk production in the **United States** during the October-December quarter totaled 41.5 billion pounds, 1.7 percent above the comparable period in 2001. Milk production per cow for the quarter totaled 4,538 pounds, up 55 pounds from the corresponding quarter of 2001. Total milk cows in the United States averaged 9.15 million head during the quarter, 43,000 head above the corresponding period in 2001.

### MILK PRODUCTION SELECTED STATES, 2001-2002

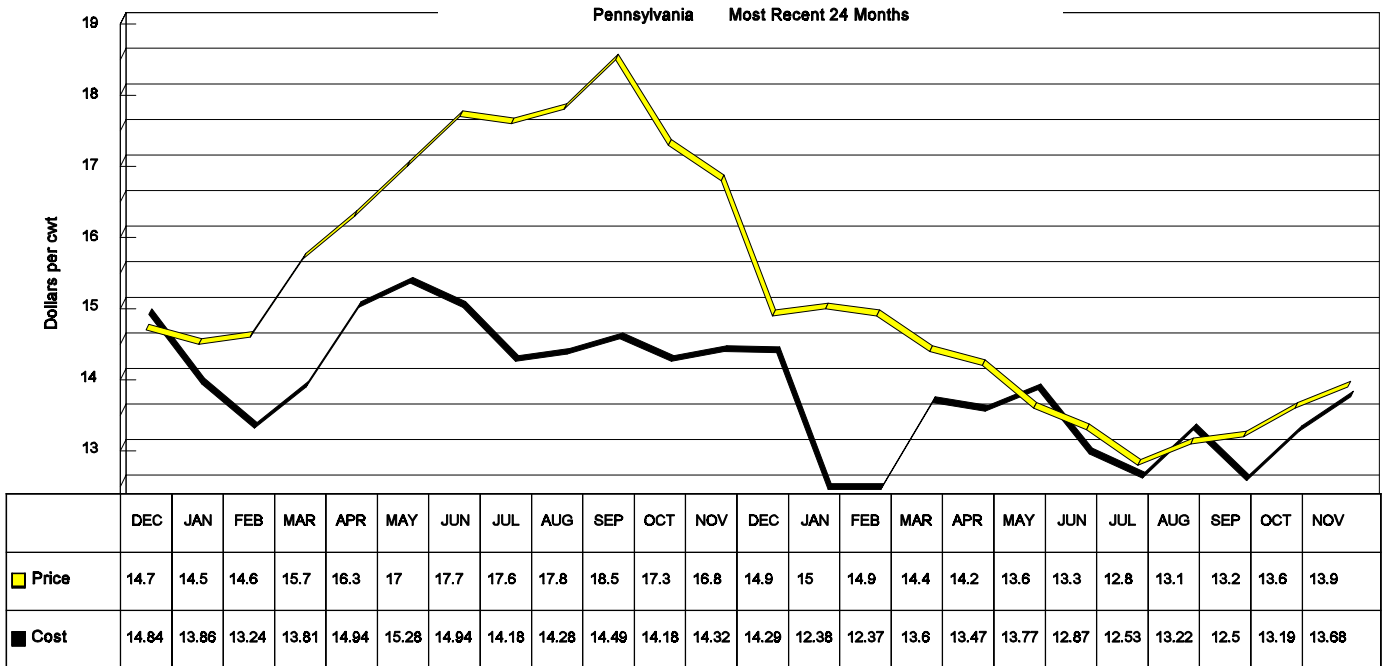


□ OCT-DEC 2001 ■ OCT-DEC 2002

Table 5: Milk Production, Selected States, 2001-2002

State	Oct-Dec 2001	Oct-Dec 2002	2002 as a % of 2001
	<i>Million Pounds</i>		<i>Number</i>
<b>Pennsylvania</b>	<b>2,676</b>	<b>2,641</b>	<b>99</b>
Wisconsin	5,377	5,390	100
Minnesota	2,111	2,023	96
New York	2,932	2,958	101
California	8,343	8,676	104
<i>United States</i>	<i>40,818</i>	<i>41,511</i>	<i>102</i>

### Wholesale Milk Price vs. Cost of Production



PENNSYLVANIA AGRICULTURAL  
STATISTICS SERVICE  
2301 North Cameron Street, Room G-19  
Harrisburg, Pennsylvania 17110-9405  
OFFICIAL BUSINESS  
PENALTY FOR PRIVATE USE \$300

PRST STD  
POSTAGE & FEES PAID  
USDA, TRENTON, NJ  
PERMIT NO. G-38